

**Views of Ranking Member Tom Davis**  
**Committee on Government Oversight and Reform**  
**Views and Estimates Regarding the President's Proposed Budget for Fiscal Year 2008**

**February 28, 2007**

In many areas, I concur with the views and estimates of the majority regarding the President's proposed budget for FY 2008. The discussion below highlights some of the areas in which I disagree with the majority and, at times, disagree with President's proposal.

***National Capital Transportation Amendments Act***

I appreciate the majority's commitment to moving forward with H.R. 401, the National Capital Transportation Amendments Act, which I introduced along with Members of the regional delegation in January. Last Congress, this legislation was approved by this Committee, passed by the House and discharged by the Senate Committee on Homeland Security and Governmental Affairs.

The legislation would reauthorize federal funding for capital improvements and critical preventive maintenance needs for the Washington Metropolitan Area Transit Authority (WMATA). In exchange for \$1.5 billion over ten years in federal funding, the legislation would: (1) require WMATA to establish an inspector general; (2) require the local jurisdictions of D.C., Virginia and Maryland to establish dedicated funding streams to match the federal contribution; and (3) add two federal representatives to the WMATA board of directors. Since President Eisenhower signed into law the initial federal investment into WMATA in 1960, Congress has periodically infused the system with federal funding for maintenance and expansion. Today, over 50 percent of the system's ridership at peak hours is composed of federal employees and contractors, with half of the stations directly serving federal office buildings.

In addition, I appreciate the majority's support of the President's proposal to fund Metrorail cars for WMATA that would allow the Authority to phase in 8-car trains as well as the majority's support for federal funding of the Navy Yard Metro station in light of increased demand on WMATA's infrastructure caused by the expanded federal presence and economic revitalization in Southeast Washington, D.C.

***Information Technology and Security***

*E-Government.* In 2002, Congress passed the E-Government Act to improve government management of Information Technology (IT) investments supporting federal programs. While Congress works to reduce the deficit and fully fund an increasing list of priorities, E-Government and IT can help reduce government costs by implementing common government-wide solutions and eliminating system duplication. Agencies should continue to leverage resources by sharing infrastructure, allowing them to better support high priority projects. The Committee should continue to work closely with OMB and the agencies to resolve outstanding concerns with agency management of E-Government initiatives in order to ensure these core services are

available to businesses, citizens and federal employees. The Committee should conduct oversight of agency E-Government initiatives and IT management practices.

*OMB's Management Watch List.* The number of business cases on OMB's Management Watch List has increased from 263 investments valued at \$10 billion to 346 investments worth \$14.4 billion. Although some of this increase can be attributed to increased scrutiny by OMB, unresolved project weaknesses resulted in 84 additions to the High-Risk list, which now includes 476 initiatives valued at over \$9 billion. The Committee should continue to scrutinize at-risk, high-value IT projects and investments.

*Continuity of Operations & Telework.* A fully functioning national government is imperative during a national crisis. Because of a lack of information, it is difficult to determine the adequacy of government-wide funding for reconstituting effective and efficient federal services in the event of a catastrophic disruption. It is essential that federal agencies maintain and allocate sufficient funds for plans, procedures, and facilities for continuing government operations in the midst of, and following, a national emergency caused by terrorism or natural causes. In addition, effective telework plans and procedures can help ensure critical agency operations can continue uninterrupted.

*Data Breach Notification.* The Privacy Act and the E-Government Act outline the parameters for the protection of personal information. Recent incidents highlight the importance of establishing and following security standards for safeguarding personal information. The incidents also highlight the need for proactive security breach notification requirements for federal agencies. Federal agencies present unique requirements and challenges. Timely notice should be provided to individuals whose sensitive personal information could be compromised by a breach of data security at a federal agency.

### ***REAL ID Act***

The President's budget contains no explicit funding for implementation by the states of the Real ID Act. This omission may reflect the fact that state compliance costs at this point are unknown because the standards have not been issued. The Secretary of Homeland Security, however, has publicly stated that the issuance of the standards is imminent. Once they have been issued, it will be important for this Committee to examine the costs of meeting the standards and determine whether and how much federal support is warranted. Congress clearly anticipated that support for the states would be necessary. The REAL ID Act expressly authorized appropriations to implement the REAL ID Act and also authorized the Secretary to make grants to the states for compliance costs. It is now time to determine just how much support is appropriate.

### ***Improving Efficiency and Effectiveness in Government Operations***

*Program Assessment Rating Tool.* Every President going back to Richard Nixon has attempted to utilize management tools to evaluate the performance of programs legislated by Congress and administered and implemented by the executive branch. President Carter utilized zero-based budgeting, for instance. President George W. Bush has continued that decades-old practice but

introduced the requirement that programs show actual “results.” President Bush has also attempted to compare the results of one program against another. As to the criticism that OMB does not use performance measures that are consistent and transparent and that the Congress does not have the opportunity to recommend alternatives, I disagree. The methodology and underlying data used to evaluate performance is posted on the Internet. Unfortunately, congressional committees have resisted utilizing this performance-based information in their own decisionmaking processes. Congress has the power to “authorize” and “appropriate” and conduct oversight. It is imperative that Congress begin to vigorously carry out its constitutional responsibilities rather than attempting an “earmark” kind of micromanagement of the executive branch’s constitutional responsibility. Congress does not have to accept OMB’s recommendations. The problem is not the PART, but the reluctance of Congress to join the Administration in insisting on results-oriented performance in programs and committing to reconsidering federal programs proven to be ineffective at accomplishing their goals.

In addition, I support the President’s proposal to establish sunset and results commissions. Last year, the Committee reported out two proposals – H.R. 3282 and H.R. 5766 – which were closely related to the sunset and results commissions proposed in the President’s budget. These legislative initiatives were approved by the Committee after holding eight hearings in recent years to discuss the need for a legislative tool that would authorize limited reorganizations of the executive branch intended to improve the operations and effectiveness of the federal government. Four hearings were held to discuss the need to develop legislation to address overlap and duplication government-wide; four “case study” hearings have been held to assess the extent of overlap and duplication in specific areas of federal operations.

### ***Regulatory Reform***

In 1980, Congress passed the Paperwork Reduction Act, which established the Office of Information and Regulatory Affairs (OIRA) within OMB. Since then, OIRA has worked diligently to ensure that departments and agencies meet Congressional requirements in promulgating sensible regulations.

In 1981, OIRA employed 90 professionals to carry out its congressionally-mandated task of regulatory review. In 1982, Congress appropriated \$8.7 million for OIRA’s operations, which is \$18 million in 2006 dollars. The Paperwork Reduction Act of 1995 authorized \$8 million for OIRA operations, which was sufficient to fund an average of 48 full time employees. In 2006, Congress appropriated \$8 million for OIRA operations. However, for 2008, the President has only requested \$6 million to fund OIRA, fully \$12 million less than OIRA’s 1982 budget, when adjusted for inflation.

While the budget and personnel at OIRA have been reduced by nearly half since its inception, the employees and budgets of federal regulatory agencies have steadily grown by 185 percent over the same period. Furthermore, agency budgets that support the writing, administering, and enforcing of regulatory programs grew from \$7.6 billion in 1981 to just over \$41 billion today. With those increases, federal regulatory agencies have added over 96,000 employees. It is obvious that the work load of OIRA and its staff has continued to increase, while its resources have steadily dwindled.

Accordingly, the Administration's request for \$6 million to fund OIRA is insufficient for the agency to adequately complete its congressionally mandated mission, and OIRA should be funded at least at its 2006 level of \$8 million.

### ***Federal Workforce***

I appreciate the majority's willingness to work with the Administration to enable the federal government to recruit and retain the best and the brightest employees. I look forward to working closely with the majority and the Administration on three efforts to improve the federal government's ability to recruit and retain employees: incentivizing employees, compensation, healthcare, and retirement policies.

*Employee compensation.* I am pleased the President acknowledged the important role our federal employees play in protecting the homeland, supporting our troops abroad, fighting crime, battling disease and otherwise providing services to the American people by proposing a 3 percent increase for both civilian and military employees. This marks the second year in a row that the President has proposed pay parity in his budget.

*Incentivizing employees.* As a report released by the Office of Personnel Management last week indicated, almost half of the federal workforce believes an employee's pay is based more on longevity than on performance. This demonstrates that we still have a long way to go before the federal workplace is able to recruit and retain hard-working employees who are motivated to excel. In addition, GAO continues to include "Strategic Human Capital Management" as one of the top problems facing the federal government on its biannual High-Risk List. Considerable time and attention has been spent in both Congress and the executive branch in recent years to try to increase incentives for federal employees, such as basing pay on performance rather than longevity. I remain committed to instilling performance incentives into the federal workforce and look forward to working with the majority on this issue.

*Federal retirement improvements.* I continue to support OPM's efforts to modernize the federal government's retirement systems and support the full funding of those initiatives. In addition, I applaud the President's proposal to promote the use of retirees in federal employment as a way to alleviate pressures from the pending wave of retirements facing government, and I look forward to working with the Administration on any legislation necessary to implement this policy. In addition, the Committee should continue to focus on improving the investment options for federal employees by, for example, expanding the array of Thrift Savings Plan investment options to include a Real Estate Stock Investment Fund. Based on a recent survey conducted by the Federal Retirement Thrift Investment Board (FRTIB), employees support more investment options that would enable them to diversify their retirement portfolio. Any consideration of statutory changes to the Thrift Savings Plan or the FRTIB this Congress should include consideration of additional investment options for federal employees.

*Federal employee healthcare.* Last Congress, this Committee approved legislation to amend the Internal Revenue Code to allow federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums. I

introduced this same legislation this Congress and I appreciate the majority's continued willingness to support this important initiative. In addition, I am committed to working with OPM to ensure that it leverages the popularity of its dental/vision program to make sure participants are receiving the best products and services at the lowest cost.

*Reauthorization of the Office of Government Ethics, Office of Special Counsel and the Merit Systems Protection Board.* I support the majority's intention to reauthorize the Office of Government Ethics, especially in light of some of additional proposed responsibilities imposed upon the Office by H.R. 984, the Executive Branch Reform Act. I also believe that the Committee should make a priority of reauthorizing the Office of Special Counsel and the Merit Systems Protection Board, both of whose authorizations have expired.

### ***Federal Property***

The federal government spends billions of dollars on the annual upkeep and maintenance of real properties it no longer needs. But it is too costly for the government to continue paying the minimum maintenance costs on deteriorating, underutilized, and unsafe buildings. In fact, the real property management problem is so severe it has been included on GAO's High-Risk Series since 2003. Therefore, I am pleased the President has included a real property disposal pilot program in his FY 2008 budget submission.

The President's proposal is similar to the pilot program that would have been established under H.R. 3134, which I introduced in the 109th Congress. H.R. 3134 was intended to establish an expedited real property disposal process to gather data on the federal government's ability – or lack thereof – to dispose of property and to demonstrate that disposing of vacant, underutilized, and deteriorating federal real property will save taxpayer dollars. The potential net benefits of the pilot program to the federal government would have included improved federal spaces and conditions, lower operating costs, enhanced security and safety, and increased revenue without up-front capital expenditures. Disposing of excess and underutilized real properties under a pilot program would pump millions of dollars into local economies, and the private sector business owners will generate tax revenues for the local communities over the long term and save the federal government millions of dollars. The President's proposal is an excellent opportunity to achieve these same goals.

Similar to H.R. 3134, the President's proposed pilot program allows for the disposal of federal real properties in an expedited and streamlined manner. The pilot program would enable federal agencies to circumvent time-consuming and arduous processes to dispose of excess properties or those that are under-performing. Property conveyed under current statutes is not "free" property; every conveyance occurs at a cost to the federal government. Therefore, sound management of federal property should allow the federal government to recoup as much of the original cost of acquiring or constructing the real property and maximize its revenue from the disposal process.

### ***Competitive Sourcing***

I am pleased the majority views competitive sourcing as an effective way to ensure the efficient use of taxpayer monies. I am disappointed, however, that they support restrictive measures that

burden the process, such as the mandating the type of benefits to be offered by private sector firms. The competitive sourcing process, as rewritten by the Administration a few years ago, provided federal workers more than a fair chance to show that they offer the best value to the government. In fact, from the start federal employee groups have won the vast majority of the competitions held. There is simply no need for further restrictions. This will only discourage the participation of private sector firms in the process and increase costs.

### ***Homeland Security***

*US-VISIT.* The US-VISIT program continues to be one example where DHS is achieving the desired goal of enhancing national security. In spite of significant technological and organizational challenges, this program was stood up and is now contributing daily to making America's border safer. Early on, many critics feared the US-VISIT program would snarl airports and land border crossing facilities. In hindsight, it appears that those fears were ill-founded. US-VISIT may actually speed up lawful entry into the United States. In 2007, the President requested \$399 million for the US-VISIT program and received \$362 million. In 2008, the President is requesting \$462 million. This amount should allow the program to continue to meet its statutory deadlines, as well as continue testing and development of new technologies. I am encouraged by the progress toward a 10-print biometric solution. The added data enhances law enforcement and national security efforts by adding capability in identifying even partial fingerprints. I understand there are complexities and challenges facing the exit phase of the US-VISIT program, but this function is critical since it will inform the appropriate agencies of significant visa overstays and highlight suspicious use of non-immigrant visas. I hope that US-VISIT will continue its effort to conquer this significant challenge

### ***Security Clearance Process***

Ensuring that security clearances are properly and expeditiously granted to government and contractor employees is an essential task, especially for a nation at war. Yet, this process remains astonishingly dysfunctional. Indeed, late last year, the Defense Security Service exhausted its budget and halted processing clearance requests until the Committee intervened and forced additional funds to be reallocated for this purpose. The suspension caused untold harm to national security, and retarded the efforts of the nation's industrial partners to respond to defense and homeland security challenges. Such difficulties must not be repeated, yet the proposed budget for DSS remains inadequate and does not allow the agency to be organized and operated in the most efficient manner. Additional funds must be allocated to allow integration of computer systems, to reduce the clearance backlog, and to shorten the time necessary for a review.

### ***National Guard***

The increased reliance of our nation on the National Guard for missions abroad and at home is not reflected with increased funding in the budget. The National Guard has traditionally not been funded for equipment and training to high readiness levels, and the current pace of operations has broken and overused most of equipment on hand. Currently, the Army National Guard has less than 40 percent of its required national defense equipment for missions abroad,

which also negatively affects the Guard's ability to respond to natural and man-made disasters at home. The Air National Guard lacks funding for its Air Sovereignty Alert mission and command, and mobility airlift equipment. The last BRAC round has left the nation with less capabilities than existed during the response to Hurricane Katrina. Chemical/Biological response units in the National Guard are undermanned, under trained and under equipped. The minority supports full funding for the 10 essential requirements for the National Guard, which include training and equipment for civil support, joint force headquarters, airlift and aviation, communications, medical response, logistics, security and transportation.

### ***Health***

*Food Safety.* I am pleased with the President's FY 2008 budget increase of \$10.6 million for the Food and Drug Administration (FDA) to strengthen food safety. GAO added food safety oversight to its high-risk list this year, and recent outbreaks of food-borne illnesses highlight the need for increased resources to strengthen the safety of our nation's food supply. This increase in funding should enhance FDA's ability to reduce and respond to food safety threats and outbreaks. The additional money will help improve detection, tracking, and treatment of food-borne illnesses.

*Drug Safety.* The budget request for FDA includes an \$11.2 million increase in funding for modernizing drug safety. This additional funding will improve drug safety and strengthen drug reviews. FDA will be able to identify and communicate drug safety issues more quickly thanks to funding for access to additional databases for drug safety surveillance and upgrading the Adverse Event Reporting System. Given the Committee's previous work on drug safety issues, including Vioxx, I was pleased to see this increase in FDA funding. However, the Committee will remain vigilant on these issues and continue to monitor drug safety concerns as they arise.

*National Disaster Medical Response System.* The President's FY 2008 Budget provides \$751 million for the Assistant Secretary for Preparedness and Response at the Department of Health and Human Services (HHS). This funding level includes \$53 million for the National Disaster Medical Response System (NDMS), which is an increase of \$6 million over last year's budget. The additional money will be used to improve NDMS' emergency response capabilities. I agree with the increase in funding for NDMS. NDMS supplies and organizes teams of medical personnel in each state that stand ready to deploy at any moment. NDMS, previously housed in FEMA, now resides within HHS. Hurricane Katrina highlighted command structure confusion and general coordination problems within NDMS. The Pandemic and All-Hazards Preparedness Act required the transfer of NDMS from the Department of Homeland Security to HHS in January 2007. As an essential component of the nation's emergency preparedness, continued oversight of this program is warranted to ensure the recently transferred NDMS functions effectively and efficiently and funds are being spent appropriately to achieve its mission.

### ***Office of National Drug Control Policy (ONDCP)***

The President's FY 2008 budget request for ONDCP ensures a more effective and efficient allocation of resources at the agency. Resource shifts occurred in several drug policy programs. The President's budget increases funding for the National Youth Anti-Drug Media Campaign by

\$30 million. This funding request takes into account the increasing cost of advertising and the need to effectively target both teen and parent audiences. The additional funds will support the program's ability to create clear, consistent and credible anti-drug messages. The money will maintain current levels of advertising time and space.

A recent GAO report cited some concern for the ad campaign's effectiveness; however, the report was a review of a NIDA study that looked at data from the program's inception in 1998 until 2002 or 2003. Thus, the study is primarily an analysis of the results of previous ad campaigns and does not in any way reflect the significant changes to the campaign over the last four years.

The ad campaign has been completely overhauled since 2003. ONDCP changed the way the ads were created and tested. It stopped targeting young people in their late teens and early 20's and shifted focus to 13-to-17-year-olds. In 2005, it launched an entirely new campaign, including a new brand, *abovetheinfluence.com*. This program is working and getting the attention of our nation's youth about the dangers of drug use. It is a valuable tool in our country's fight against drugs. I welcome the Committee's attention to this program and look forward to conducting oversight to ensure it remains effective.

I was pleased with the \$327.6 million FY 2008 request for Afghanistan counterdrug support. The money will provide support to reduce opium production, fund alternative crop development, drug enforcement interdiction, demand reduction programs, and public diplomacy. The United Nations Office on Drugs and Crime estimates Afghanistan produces three quarters of the world's illicit opium. There is concern about a connection between heroin and terrorist/insurgency financing. A robust drug trade helps finance terrorist organizations, contributes to destabilization, threatens peace, and hobbles reconstruction efforts and a sustained economic recovery. Without an extensive and organized security force and effective rule of law throughout Afghanistan, law enforcement efforts to significantly reduce drug production and narcotics trafficking will progress very slowly.

I was disappointed with the President's Budget funding requests for the Andean Counterdrug Initiative (ACI). The total funding requested for ACI in the FY 2008 is less than the FY 2007 level. The drug trade in Colombia is a major factor in the instability in Latin America, it is killing Americans every day, and most frightening, it is a source of funding for terrorism in this hemisphere. Colombia is a stronger democracy today than it was six years ago at the start of Plan Colombia. It is no longer a narco-terrorist state and has made strong progress in terms of eradication and interdiction, security and defense, and economic and social issues. ACI is an important program that stems the flow of cocaine and heroin from the Andes in South America. Now is not the time to decrease funding for ACI.

### ***Census Bureau***

*Potential Cost Savings for the 2010 Decennial Census.* The 2010 Decennial Census is a constitutionally-mandated function which, although expensive, is the basis of apportioning and redistricting the representatives among the 50 States. The 2010 Census will be a "short form" only census as the old long form no longer exists. Despite a short form-only census, the life-



cycle cost of the 2010 decennial census will approach \$11 billion. Put another way, the 2010 Census will cost an estimated \$72 per household, compared to \$56 in 2000 and \$32 in 1990. We must do everything we can to reduce the costs of this major undertaking while improving its accuracy. One key way to achieve this goal in the 2010 Decennial Census is to reduce the non-response rate. The non-response rate (those who do not respond to the census questionnaire by mail) and the efforts related to getting a response are the largest contributors to the cost of the decennial census. The Committee and the Census Bureau need to explore alternative methods to reduce the non-response rate as a way of saving taxpayer dollars. Not only does reducing the non-response rate produce a more accurate census, it also can greatly reduce the costs – for every percentage point in reducing the non-response rate, the federal government saves \$75 million. In the 1990 census, the non-response rate was 35 percent and, in 2000, it was 36 percent. If we can get the non-response rate to 20 percent, a rate that was achieved in 1970 and 1980, we can save the taxpayers \$1 billion.

*Ensuring a Fair and Accurate 2010 Census – The Census Monitoring Board.* The Congress should create a 2010 Census Monitoring Board. Such a board should mirror the setup of the 2000 Census Monitoring Board, with equal political participation and staff. The 2000 Census Monitoring Board was charged with reporting to Congress the activities of the US Census Bureau as it related to the 2000 Census. In the two years leading up to the 2000 Census, the bipartisan monitoring board was able to ensure that a fair and accurate census was planned for and implemented. One major role of the Board was its outreach to communities across the nation to explain the importance of the 2000 Census, and its involvement was credited with keeping non-response rates from climbing, thus saving the federal government hundreds of millions of dollars. A 2010 monitoring board would cost the government \$12 million, but its role in ensuring a fair and accurate census is invaluable and will likely save the government hundreds of millions of dollars. The foundation of our republic – the apportionment of representatives – hinges upon a fair and accurate census. The hundreds of billions of dollars the federal government distributes to States and localities are based in large part on accurate decennial data, so Congress cannot afford a flawed decennial census. A bipartisan census monitoring board makes fiscal sense and is something this Committee should be urging Congress to create.

*Potential Cost Savings - Duplicative and Outdated Surveys.* The Committee should fully support the efforts of the previous Congress to eliminate duplicative and outdated surveys. In November 2006, then Chairman Davis and Chairman Turner (Subcommittee on Federalism and the Census) received a GAO report they requested recommending that the Census Bureau and OMB work together to reexamine and reprioritize the hundreds of household surveys which are conducted each year. A tremendous amount of money can be saved by consolidating like surveys or eliminating those which no longer serve a purpose or call into question scientific usefulness. For example, the Census Bureau's decision to replace the Survey of Income Program Participation (SIPP) is most likely a wise one since, despite many steps taken to improve it in recent years, the SIPP has reached a dangerous attrition level of 40 percent, raising serious concerns about its validity as a timely and accurate survey. The Committee should become more engaged with OMB and the Census Bureau to identify surveys that are wasteful and can be eliminated altogether as a way to save taxpayer money and to ensure decision-makers get data based upon sound statistical science.

### ***Federal Energy Management***

The majority is concerned that the Administration is proposing both additional duties and reduced funding for the Federal Energy Management Program (FEMP). It is important to note, however, that FEMP is not a regulatory agency. Instead, it is a facilitating organization whose purpose is to recommend tools and guidance which agencies then use to achieve mandated energy reductions and efficiencies. Additionally, FEMP is not a funding agency. Instead, it assists agencies in identifying funding sources (including creating financing opportunities from the private sector) to achieve mandated energy efficiency. While the President's budget request for FEMP did decrease, the reduction was minimal: \$16.905 million in FY 2007 to \$16.791 in FY 2008 (a reduction of \$114,000 or 0.67 percent). Further, this reduction actually reflects savings realized by FEMP through streamlining its operations, including utilization of web-based tools and other efficiency increases. Finally, the areas of energy efficiency highlighted by the President's January 26, 2007, Executive Order 13423 (calling upon agencies to increase their focus on environmental, transportation and energy-related aspects of agency activities) are areas in which FEMP is already either providing or developing guidance and tools for agencies. While the Executive Order does call for increased energy efficiency, this does not specifically affect FEMP because FEMP is not responsible for regulating or funding these increases, and the areas mentioned by the EO are areas where FEMP has already prepared guidance and tools for the agencies.

### ***US Foreign Service***

There is a sense that the budget for the Department of State does not provide adequately for its Transformational Diplomacy efforts and that this is especially the case in those areas that are particularly high risk including in Iraq. In fact, the President has requested \$85.98 million for FY 2008 specifically for Peace & Security initiatives as Iraq moves from a focus of reconstruction and security to long-term economic and political reforms. This includes \$78.88 million for Stabilization Operations and Security Sector Reform, including increasing Iraqi security capacity, civilian control of the military, and the governance and rule of law, as well as providing Iraqi military officers with necessary technical skills. While the State Department will continue to face personnel and administrative challenges, the funding requested by the President in the FY 08 budget will substantially increase the Iraq's transition towards a peaceful and democratic society, and this Committee looks forward to continued oversight of these issues.